

YOUNG PLAYWRIGHTS' THEATER

FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

KOSITZKA, WICKS & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS



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KOSITZKA, WICKS & COMPANY
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Young Playwrights' Theater
Washington, DC

We have audited the accompanying statements of financial position of **Young Playwrights' Theater** (a not-for-profit corporation), as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of **Young Playwrights' Theater's** management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Young Playwrights' Theater**, as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kositzka, Wicks and Company

Alexandria, Virginia
September 28, 2009

Independent Auditor's Report

To the Board of Directors
Young Playwrights' Theater
Washington, DC

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Alexandria, Virginia
September 28, 2009

Young Playwrights' Theater

Statements of Financial Position June 30,

2009

2008

Assets

Current Assets

Cash and cash equivalents	\$ 562,743	\$ 566,363
Grants receivable	83,216	42,000
Accounts receivable	1,265	1,250
Prepaid expense	10,915	13,713
Total current assets	<u>658,139</u>	<u>623,326</u>

Property and equipment

Property and equipment	101,968	101,293
Less: accumulated depreciation	<u>(73,846)</u>	<u>(64,041)</u>
	28,122	37,252

Other assets

Security deposit	1,000	1,000
Total assets	<u>\$ 687,261</u>	<u>\$ 661,578</u>

Liabilities and net assets

Current liabilities

Accounts payable	\$ 5,358	\$ 9,888
Accrued payroll	22,897	6,400
Deferred income	1,000	-
Total liabilities	<u>29,255</u>	<u>16,288</u>

Net assets

Unrestricted	474,557	405,475
Temporarily restricted	<u>183,449</u>	<u>239,815</u>
Total net assets	<u>658,006</u>	<u>645,290</u>
Total liabilities and net assets	<u>\$ 687,261</u>	<u>\$ 661,578</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Young Playwrights' Theater

Statement of Activities for the year ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Support			
Grants and donations	\$ 317,066	\$ 151,332	\$ 468,398
Programs	54,238	-	54,238
Interest income	8,411	-	8,411
Net assets released from restrictions	207,698	(207,698)	-
Total support	<u>587,413</u>	<u>(56,366)</u>	<u>531,047</u>
Expenses			
Program services			
In-school	178,134	-	178,134
Tour	101,620	-	101,620
After-school	90,769	-	90,769
Special projects	47,444	-	47,444
New writers	13,041	-	13,041
Total program services	<u>431,008</u>	<u>-</u>	<u>431,008</u>
Supporting services			
General and administrative	76,474	-	76,474
Fundraising	10,849	-	10,849
Total supporting services	<u>87,323</u>	<u>-</u>	<u>87,323</u>
Total expenses	<u>518,331</u>	<u>-</u>	<u>518,331</u>
Change in net assets	69,082	(56,366)	12,716
Net assets, beginning of year	405,475	239,815	645,290
Net assets, end of year	<u>\$ 474,557</u>	<u>\$ 183,449</u>	<u>\$ 658,006</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Young Playwrights' Theater

Statement of Activities for the year ended June 30, 2008

	Unrestricted	Temporarily Restricted	Total
Support			
Grants and donations	\$ 308,107	\$ 269,750	\$ 577,857
Programs	63,449	-	63,449
Interest income	16,726	-	16,726
Net assets released from restrictions	185,567	(185,567)	-
Total support	<u>573,849</u>	<u>84,183</u>	<u>658,032</u>
Expenses			
Program services			
In-school	171,535	-	171,535
Tour	99,275	-	99,275
After-school	91,704	-	91,704
Special projects	44,274	-	44,274
New writers	8,862	-	8,862
Total program services	<u>415,650</u>	<u>-</u>	<u>415,650</u>
Supporting services			
General and administrative	60,262	-	60,262
Fundraising	34,640	-	34,640
Total supporting services	<u>94,902</u>	<u>-</u>	<u>94,902</u>
Total expenses	<u>510,552</u>	<u>-</u>	<u>510,552</u>
Change in net assets	63,297	84,183	147,480
Net assets, beginning of year	342,178	155,632	497,810
Net assets, end of year	<u>\$ 405,475</u>	<u>\$ 239,815</u>	<u>\$ 645,290</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Young Playwrights' Theater

Statement of Functional Expenses for the year ended June 30, 2009

	Program Services						General and Administrative	Fundraising	Total
	In-School	Tour	After-School	Special Projects	New Writers	Total Program			
Salaries and fees	\$ 79,292	\$ 38,423	\$ 32,357	\$ 27,108	\$ -	\$ 177,180	\$ 29,327	\$ 6,387	\$ 212,894
Contracted artists	25,987	26,825	20,719	14,000	3,500	91,031	-	-	91,031
Occupancy	24,300	4,860	9,720	-	2,430	41,310	5,832	1,458	48,600
Space rental	1,500	150	-	-	2,500	4,150	-	-	4,150
Materials and supplies	1,345	5,287	82	299	-	7,013	4,515	-	11,528
Employee benefits	7,113	3,447	2,903	2,432	-	15,895	2,631	572	19,098
Accounting fees	6,550	1,310	2,620	-	655	11,135	1,572	393	13,100
Payroll taxes	6,066	2,939	2,475	2,074	-	13,554	5,527	-	19,081
Printing and publications	528	337	-	-	-	865	676	1,154	2,695
Depreciation	4,903	981	1,961	-	490	8,335	1,177	293	9,805
Equipment lease and maintenance	5,307	6,368	4,246	1,061	1,061	18,043	3,184	-	21,227
Travel	-	63	-	-	-	63	1,204	-	1,267
Telephone	2,083	417	833	-	208	3,541	500	125	4,166
Interest and bank fees	-	-	-	-	-	-	588	-	588
Dues and subscriptions	688	138	275	-	69	1,170	165	42	1,377
Postage and shipping	297	243	-	-	-	540	991	-	1,531
Professional fees	5,098	4,749	4,749	-	-	14,596	13,038	-	27,634
Insurance	2,352	2,823	1,882	470	470	7,997	1,411	-	9,408
Meetings and conferences	1,127	225	451	-	113	1,916	270	68	2,254
Miscellaneous	-	-	-	-	-	-	-	135	135
Marketing	2,829	566	1,132	-	283	4,810	679	170	5,659
Program support	650	1,350	4,276	-	-	6,276	-	-	6,276
Hospitality	119	119	88	-	1,262	1,588	2,887	52	4,527
Licenses and taxes	-	-	-	-	-	-	300	-	300
Total functional expenses	\$ 178,134	\$ 101,620	\$ 90,769	\$ 47,444	\$ 13,041	\$ 431,008	\$ 76,474	\$ 10,849	\$ 518,331

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Young Playwrights' Theater

Statement of Functional Expenses for the year ended June 30, 2008

	Program Services						General and Administrative	Fundraising	Total
	In-School	Tour	After-School	Special Projects	New Writers	Total Program			
Salaries and fees	\$ 67,458	\$ 33,081	\$ 27,411	\$ 23,952	\$ -	\$ 151,902	\$ 14,186	\$ 5,137	\$ 171,225
Contracted artists	18,060	25,944	32,166	11,563	2,675	90,408	-	-	90,408
Occupancy	24,100	4,820	9,640	-	2,410	40,970	7,330	-	48,300
Space rental	1,150	300	-	-	-	1,450	-	-	1,450
Materials and supplies	3,534	12,611	1,411	852	519	18,927	1,207	-	20,134
Employee benefits	5,066	3,620	2,172	1,448	-	12,306	4,370	448	17,124
Accounting fees	7,000	1,400	2,800	-	700	11,900	2,100	-	14,000
Payroll taxes	6,062	2,748	2,506	1,985	-	13,301	2,224	480	16,005
Printing and publications	1,699	237	475	118	119	2,648	788	1,750	5,186
Depreciation	8,493	1,699	3,397	-	849	14,438	2,547	-	16,985
Equipment lease and maintenance	1,497	1,758	1,045	262	261	4,823	6,044	-	10,867
Travel	1,925	632	50	535	-	3,142	1,641	-	4,783
Telephone	2,119	424	847	-	212	3,602	635	-	4,237
Interest and bank fees	-	-	-	-	-	-	712	-	712
Dues and subscriptions	1,655	331	662	-	166	2,814	496	-	3,310
Postage and shipping	294	-	-	228	-	522	787	-	1,309
Professional fees	2,978	2,977	2,977	-	-	8,932	6,764	26,709	42,405
Insurance	2,805	3,366	2,244	560	561	9,536	755	-	10,291
Meetings and conferences	2,298	460	919	-	230	3,907	688	-	4,595
Miscellaneous	-	-	-	-	-	-	-	116	116
Marketing	1,600	320	640	-	160	2,720	480	-	3,200
Program support	1,610	-	-	2,771	-	4,381	-	-	4,381
Hospitality	132	2,547	342	-	-	3,021	4,508	-	7,529
Evaluation	10,000	-	-	-	-	10,000	2,000	-	12,000
Total functional expenses	\$ 171,535	\$ 99,275	\$ 91,704	\$ 44,274	\$ 8,862	\$ 415,650	\$ 60,262	\$ 34,640	\$ 510,552

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Young Playwrights' Theater

Statements of Cash Flows for the years ended June 30,

2009

2008

Cash flows from operating activities

Change in net assets	\$ 12,716	\$ 147,480
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation	9,805	16,985
Loss on sale of assets	-	-
(Increase) decrease in operating assets		
Grants receivable	(41,216)	(3,000)
Accounts receivable	(15)	(750)
Prepaid expense	2,798	(8,314)
Increase (decrease) in operating liabilities		
Accounts payable	(4,530)	4,265
Accrued payroll	16,497	(9,763)
Deferred income	1,000	-
Net cash (used) provided by operating activities	<u>(2,945)</u>	<u>146,903</u>

Cash flows from investing activities

Acquisition of property and equipment	<u>(675)</u>	<u>(22,367)</u>
Net cash used by investing activities	<u>(675)</u>	<u>(22,367)</u>

Net (decrease) increase in cash and cash equivalents

	(3,620)	124,536
Cash and cash equivalents, beginning of year	<u>566,363</u>	<u>441,827</u>
Cash and cash equivalents, end of year	<u>\$ 562,743</u>	<u>\$ 566,363</u>

Supplemental disclosure of cash flow information

Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Young Playwrights' Theater

Notes to Financial Statements June 30, 2009 and 2008

1. Organization and purpose

Young Playwrights' Theater (YPT) is a not-for-profit organization incorporated under the Laws of the District of Columbia in 1997 and committed to using theater and writing to foster dialogue, arts education, literacy, and conflict resolution in communities. Through active engagement and collaboration YPT brings students, teachers, families, actors, playwrights, and established theaters together to discover intimate voices of their community. YPT aims in particular, but not exclusively, to work with people who have been excluded or underrepresented in American theater. The Young Playwrights' Theater is supported through grants and donations as well as revenue from performances and tours.

2. Significant accounting policies

Basis of accounting

The financial statements of YPT have been prepared on the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consists of cash held in checking and money market accounts. In the normal course of business, YPT may maintain cash held at financial institutions in excess of the insured limit of \$250,000. YPT has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Grants and accounts receivable

All grants and accounts receivable balances as of June 30, 2009 and 2008 are due within one year. As a result, grants and accounts receivable are measured at net realizable value.

YPT has no allowance for bad debt as all amounts are deemed fully collectible. Specific bad debts are expensed as they become known.

Property

Property with an estimated useful life of greater than one year is capitalized at cost, or at estimated fair market value if donated, and depreciated using the straight-line basis over the estimated lives of the assets.

See independent auditor's report.

Young Playwrights' Theater

Notes to Financial Statements June 30, 2009 and 2008

2. Significant accounting policies (continued)

Deferred income

Deferred income consists of fees received in advance of services.

Support and expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. YPT reports gifts of cash and other assets as restricted support, if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Functional classification of expenses

The costs of providing program services are summarized on a functional basis in the accompanying financial statements. Salaries, related payroll taxes, and benefits are allocated to programs based on labor hours of employees. This result is then used to allocate certain overhead expenses to YPT programs.

Vacation and sick pay

Vacation and sick pay are expensed as incurred. Employees are allowed to carry vacation two months into the next fiscal year. At that time, any remaining balance is forfeited. If accrued, the amount would not be material to the financial statements as a whole.

Income taxes

YPT is exempt from federal income tax as a non-profit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation. There was no unrelated business income for the years ended June 30, 2009 and 2008. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Donated services

A substantial number of volunteers donate time to YPT's program services. These donated services are not reflected in the financial statements since the services do not require specialized skills as defined by U.S. generally accepted accounting principles.

See independent auditor's report.

Young Playwrights' Theater

Notes to Financial Statements June 30, 2009 and 2008

2. Significant accounting policies (continued)

Other Financial Assets and Liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, grants receivable, and accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and accrued payroll. These financial assets and liabilities are reported at their carrying value which approximates fair value due to their short maturities.

Subsequent events

YPT assessed events occurring subsequent to June 30, 2009 through September 28, 2009 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

Recent and upcoming accounting pronouncements

Fair value measurements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157 is effective as of the first year beginning after November 15, 2007. On July 1, 2008, YPT adopted the provisions of SFAS 157 related to financial assets and liabilities. The adoption of SFAS No. 157 did not have a material impact on YPT's financial statements.

Fair value option for financial assets and financial liabilities

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — including an Amendment of SFAS No. 115," which permits an entity to measure many financial assets and financial liabilities at fair value that are not currently required to be measured at fair value. Entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. SFAS No. 159 also establishes presentation and disclosure requirements to help financial statement users understand the effect of the election. SFAS No. 159 is effective as of the first year beginning after November 15, 2007. YPT adopted the provisions of SFAS 159 as of July 1, 2008 and did not elect the fair value option established by the standard. As such, the adoption had no impact on YPT's financial statements.

FASB Accounting Standards Codification

In June 2009, the FASB approved the "FASB Accounting Standards Codification," (the Codification), as the single source of authoritative US GAAP for all non-governmental entities, with the exception of the SEC and its staff. The Codification, which launched July 1, 2009, changes the referencing and organization of accounting guidance and is effective for interim and annual periods ending after September 15, 2009. Since it is not intended to change or alter existing US GAAP, the Codification is not expected to have any impact on YPT's financial condition or results of operations. Beginning after September 15, 2009, YPT's financial statements will no longer refer to specific US GAAP statements.

See independent auditor's report.

Young Playwrights' Theater

Notes to Financial Statements June 30, 2009 and 2008

2. Significant accounting policies (continued)

Recent and upcoming accounting pronouncements (continued)

Accounting for uncertainty in income taxes

In accordance with FASB Staff Position FIN-48-3 YPT has elected to defer application of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." YPT has determined that the adoption of FIN 48 would not have a material effect on their financial statements.

3. Cash and cash equivalents

Cash and cash equivalents as of June 30, 2009 and 2008, consisted of the following:

	<u>2009</u>	<u>2008</u>
Checking accounts	\$ 36,207	\$ 68,236
Money market accounts	526,436	498,027
Petty cash	100	100
	<u>\$ 562,743</u>	<u>\$ 566,363</u>
Amounts covered by Federal Deposit Insurance Corporation (FDIC)	<u>\$ 38,516</u>	<u>\$ 100,000</u>

4. Property

A summary of depreciation for the years ended June 30, are as follows:

	Depreciation expense		Accumulated depreciation		Useful life
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
Furniture and equipment	\$ 9,805	\$ 8,347	\$ (30,656)	\$ (20,851)	5-7
Tour bus	-	8,638	(43,190)	(43,190)	5
Total Property	<u>\$ 9,805</u>	<u>\$ 16,985</u>	<u>\$ (73,846)</u>	<u>\$ (64,041)</u>	

5. Lease commitments

YPT leases office space in Washington, D.C. on a yearly basis. The company renews the lease at the beginning of each year, if desired by both parties. YPT has no rent commitment for future years. Rent expense for the years ended June 30, 2009 and 2008 was \$48,600 and \$48,300, respectively.

See independent auditor's report.

Young Playwrights' Theater

Notes to Financial Statements June 30, 2009 and 2008

5. Lease commitments (continued)

During September 2007, YPT signed a lease agreement for a copier. Future minimum rentals due under this agreement are as follows:

For the year ending June 30,

2010	\$	4,650
2011		4,650
2012		1,163
Total	\$	<u>10,463</u>

Payments on the lease for the years ended June 30, 2009 and 2008 totaled \$4,263 and \$4,361, respectively, and were recorded as equipment lease and maintenance on the accompanying statement of functional expenses.

6. Net assets

Net assets are temporarily restricted for specific purposes as well as for future periods. Temporarily restricted net assets as of June 30, 2009 and 2008, were as follows:

	<u>2009</u>	<u>2008</u>
Additional workshop rental	\$ 6,000	\$ -
Management assistance program	10,988	-
Department of Justice	2,958	-
Office of Latino affairs	12,500	-
Creative communities fund	8,701	10,000
Capacity building	35,802	45,065
Grants with timing restrictions	106,500	184,750
Total restricted net assets	<u>\$ 183,449</u>	<u>\$ 239,815</u>

During the year ended June 30, 2009, the board of directors designated \$20,000 of unrestricted net assets as a reserve fund. As of June 30, 2009, the balance of the board designated reserve fund was \$20,000.

7. Employee benefits

During fiscal year 2007, YPT began a 403(b) savings program for employees. The plan only receives employee contributions as YPT does not contribute to the plan. As a result, the 403(b) plan is not subject to ERISA requirements.

See independent auditor's report.